

"WE MUST DO TEAM WORK; NO MAGIC CAN BRING PROSPERITY QUICKLY," SAYS GEORGE E. ROBERTS, NATIONAL CITY BANK HEAD

"CRYING LET'S GO! AND DOING NOTHING, WRONG," HE ASSERTS

Prosperity Cannot Be Restored on the Basis of Double Pay for Half-Time Work---Full-Time Work Is a Necessity of Happiness; Happiness Is a Necessity of National Prosperity According to President of America's Richest Institution.

By EDWARD MARSHALL.

"THE people of America must forget get-rich-quick ambitions and think of a return of that steady, ceaseless, satisfactory prosperity-growth, favorable to every man and woman in this nation, which normally has characterized the progress of the United States," George E. Roberts told me.

He is the man who became famous as director of the United States Mint and recently succeeded James A. Stillman as president of America's greatest bank, the National City Bank, of New York. This is his first interview since he assumed the bank presidency.

"A widespread and popular idea is that all that is needed to put each individual back in residence upon that Easy Street which was the address of so many people during war-years is what is described as a return of confidence," he went on. "It is the theory that if all cry lustily LET'S GO! and start forward, they, with everybody else, will get business back and find things quite as they should be."

Lesson From Past.

"But really the situation differs widely from some past experiences which it superficially resembles; it must be met by methods especially suited to it. Crying LET'S GO! and doing nothing else is not one of these."

"It is pointed out that less business is being transacted now than usually has been the case after a period of ordinary depression, such as a great readjustment is certain to bring to any country. "For instance, the panic of 1907 caused loss of confidence, suspension of construction work and unemployment; railway companies, which at the time were extensively building, stopped work for the time being."

"Such tendencies were general, but there was no widespread change of industry, no extraordinary dislocation."

"Of course, this period of deflation followed one of inflation, but during that inflation there had been no general increase in the prices of ordinary necessities comparable with the change in prices of nearly every article essential to living during the period of the war."

"Between the two periods preceding depression there was this great difference; that which foreman the panic of 1907 was one of ordinary credit expansion, in which the usual banking facilities of that time were used to the full, that which followed the great war and preceded today's depression came after a time of extraordinary inflation, due to influences outside ourselves, born of the unprecedented European demand for almost everything which we could supply, together with the war needs of our Government, and financed by a new banking system which greatly enlarged our credit-making facilities."

Crisis Followed War.

"Under the pressure of these demands prices more than doubled and the wage level rose accordingly with, in consequence, a second reaction upon prices. But all influences worked fairly well together; as prices rose, wages went up; the balance was reasonably complete."

"Then, suddenly, when war's unnatural demands had come to seem almost the natural thing, the war ended."

"But that did not finish, instantly, the unnatural prosperity in many American lines of effort. Stocks of goods all over the world were low; European industries were low; European industries

unable to employ in the manufacturing industries the same number of men as they employed before their income sank.

"A moment's thought will show that they, constituting the buying public, are far more the actual employers of workers engaged in manufacturing than are the owners of the manufacturing businesses."

Wage Muddle Effects.

Unemployment is the inevitable result of such conditions. When for example, the high price of coal curtails activity in the manufacturing industries and affects the business of the railroads, it causes short time and low earnings for the coal miners even when their wage rates are high.

"Consider the railways and their employees."

"In transportation we have built up the principle of the low rate for the long haul. Under this we have developed great industrial centers, widely separated, which, because of that very wide separation, serve the entire country."

"Double freight rates and at once the whole system is thrown out of gear."

"Abnormally high wages on the railways necessitate freight charges out of proportion to the value of many of the products transported."

"High freight rates are inevitably enemies of the long haul."

"If maintained for a considerable period of time, in order to avoid an intolerable tax, must readjust itself upon the basis of local rather than national service."

"It must plan to supply its neighborhood only. It means a far-reaching readjustment which cannot be accomplished immediately, and thus is an obstacle to prompt business recovery."

High Freight Burden.

"And there are interrelationships worth studying."

"Continued abnormal mine wages mean continued high prices for coal. That must be obvious. High prices for coal must keep transportation costs up, and high transportation costs must prevent development of every business doing other than a local trade."

"Add high railway wages to high mine wages and you will see transportation carrying still another burden which must be superimposed upon the freight rates."

"Almost every producer, even the man on the small farm, is directly affected by freight rates."



GEORGE E. ROBERTS

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"The small farmer, one would say, is affected very little."

"Is that so? Stop and consider. He has some hay to sell. High freight rates affect that hay to the point at which it cannot be moved. Local demands are very quickly satisfied. Ergo; he has his hay upon his hands, his season shows no profit; for the year involved he is no customer for anything beyond his absolute necessities."

"These are among the factors which cause me to hesitate about joining in the confident prediction that we are about to take a sudden spring upward into our old condition of prosperity."

"That will come eventually, beyond a doubt; but no magic wand can bring it quickly while there is such reluctance to accept wage-readjustments in some industries while readjustments are compelled in others."

"Uneven readjustments forbid immediate restoration of the old high level of prosperity. "Of course, all of these conditions will adjust themselves in time, and the process is constantly going on, but temporary inconvenience, temporary hindrance of prosperity results."

"If they will not stand shipment it will be eventually consumed where it is grown, and shipped in the form of butter or beef. But it takes years to make such changes, and high freight rates will force them throughout the industries, and meantime we suffer from hard times."

"They work less and the ultimate weekly income is considerably less, although the wage per hour employed is more. Their real wages are low, while the cost of coal is high, and the cost of coal is vital to all industry."

"The miners' leaders urge that the men work but part time and therefore must be paid high wages for the time during which they are employed."

"An obvious answer is that at lower wages they would work more hours, which would give a greater output, which would bring down the cost of coal, which would solve one of the transportation problems and an important problem of the manufacturers, which would lower costs of production in every line requiring fuel, then lowering costs of transportation."

"This lowering inevitably would be passed along to the consumer and would increase his purchasing power for all commodities."

"That, in turn, would mean more wage-earners at work in all the industries."

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"Nor can happiness and national

maine the fact the railways will find coal expensive."

"And the wages of the railway employees are almost double what they were before the war."

"Obviously, while the conditions are maintained, the old low freight rates are impossible."

"Freight rates must be added to the manufacturing costs of goods."

"In the meantime many manufacturing labor costs also remain up."

"With high labor charges first and high freight rates second, how can the goods be sold for the old, low, pre-war prices?"

All Must Bear Share.

"Obviously, under such circumstances, every family must bear its share of the excess weight. High coal prices affect every family directly as well as indirectly through advanced cost of goods which it must purchase and which are affected by freight rates."

"The worst of it is that the high wage rates for mining coal do not make the miners good buyers in the markets, because while they are paid the high rate for the time they work they are employed only on part time."

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progress be promoted on that basis.

"Full-time work is a necessity of happiness; happiness is a necessity of national progress."

"In the clothing industry somewhat similar conditions now exist. At the present moment employers are negotiating in all the principal clothing centers with the employees, for some sort of a readjustment which will make it possible to meet the emphatic demand for cheaper clothing, and thus restore prosperity and full time in that industry."

"In this industry wages went up more than 100 per cent during the war, and, although there has been the mentioned demand for lower prices, there has been as yet practically no reduction of the wages."

"This is true in Rochester, a great center of the nation's clothing industry. There, the workers, very highly organized, have refused thus far to make concessions, except that they have permitted more piece-work at rates which fully maintain their former earnings."

Only Farmer Out.

"But one must remember the farmers' prices have come down."

"This makes the cost of clothes for the farming population abnormally high, out of proportion to the prices which that population gets for what it produces. The same applies, of course, to that part of the wage-earning population which has been compelled to accept income reduction either through wage reduction or working hour reduction."

"The thought that employers pay their workers' wages is a fundamental error. The consumer pays all wages."

"The high cost of clothing has a bearing on the situation as important as the high cost of fuel and the high freight rates."

"There are many lines in which reductions have occurred, but there are many others in which they have not yet occurred."

"In some the reduction has been great enough, as much as should be tolerated. Those which have not been reduced, however, retard the readjustment of the mass situation."

"And they thrust hardship into the lives of those workers who have taken lower pay, for such a situation must mean that these workers are compelled to pay high prices for the work of other workmen when they have been compelled to take reduced prices for their own efforts."

Swap Between Labor.

"The labor of every worker is principally sold to other workers; in the end the wages of each man who labors must be assessed on the other men who labor."

"Note the effect of the high cost of transportation upon the prices of iron and steel."

"Five tons of raw material must be transported to the steel mills for every ton of finished product which goes out of it. It is stated that the high cost of transportation amounts to more than the difference between the cost of iron and steel now and before the war."

"Until we get that down, we cannot hope to get construction costs down; we cannot hope for a full revival in the building trades, and until we restore activity in the building trades, we cannot hope to get rents down."

"The housing shortage is felt almost everywhere, and is a very serious matter. A considerable amount of building is going on under the inducement of very high rents, but that is not a normal situation."

"Such rents are in themselves an obstacle to wage adjustments."

"People hesitate to invest their money freely in construction when they feel that within two or three years construction costs will be lower, and they invest only under the spur of high rents."

"High wages in the building trades and in the trades which feel it are principally responsible for this unfortunate condition."

"Of course, no one likes to talk about reducing wages. Heaven knows that I do not, even in a friendly way. I advocate lower wage rates only as a means of increasing actual wage payments."

"Industry is mutually sustaining, and it must be brought into

balance. Prosperity cannot be restored with one side of the industrial organization up in the air and the other side dragging on the ground."

"That process alone will reduce the cost of transportation, the cost of manufacture, the cost of living; that, alone, will give our population ample home space; that, alone, will solve most of the abnormal social problems, including some of those of crime and morals, which now puzzle us so terribly."

"Personally, I have no faith in efforts to make artificial sunshine. Arguments to inspire confidence will get us nowhere until we can put solid reasoning behind them. Talk won't save this situation. We have got to do team work."

"There must be real readjustment of basic conditions."

"Exactly that is going on, as I have intimated, but it progressed slowly because so many are resisting. Most of those who hold back do not understand, and we must not criticize a man for what he does not know; but we can try to check mistaken thinking."

"Of course, the responsibility does not all rest upon labor; the merchant who fails to get down his prices and his operating costs is emphatically one of the depressing elements."

"He is more interested in his profits for the day than he is in his annual balance sheet, although he may not understand this. In plain language, he is 1-cent wise and dollar-foolish."

"This country must get back to work; it must find solid ground to stand on; it must obey the laws of nature and finance and quit endeavoring to lift itself by its own bootstraps."

Must Be Reasonable.

"Merchants and manufacturers cannot build their businesses by charging exorbitant prices for their commodities; wage-earners cannot get steady work, at full time, by demanding wages which are higher than their employers can pay and distribute the product."

"There is a normal level at which all will be comfortable, busy, happy. The adjustment to it is inevitable. The sooner we all find our places on it the sooner we all shall be happy. If any of us shall insist on getting far away from the same normal level he will have a hard time till he yields, and while he suffers he will pass on suffering to all the rest of us."

I asked Mr. Roberts if he thinks the banks, which have been so generally criticized, really are doing all they can.

"I do," he answered. "I believe the banks are doing all they should."

"They have taken heavy losses on the decline of commodity prices. When I see them charged with having brought that decline about, I wonder where the reasoning powers of the accusers can be."

"Nothing could be more foolish than to think that banks would force down the prices of commodities upon which their customers depend for their ability to pay loans and make deposits. The banks make their earnings on the deposits which the public leaves with them and prosper as their customers prosper."

Position of Banks.

"It is not the practice of banks arbitrarily to compel customers to pay their loans. They do not do so unless the credit of the borrower is impaired."

"When the fall in prices came many credits were impaired, and then it became the bounden duty of bankers to protect themselves. It is not the business of bankers to sustain prices or share in the risks of merchandising."

"Bankers are not dealing with their own funds. They are using the public money and they must be careful what they do with it. "Any bank known to be bolstering up prices against downward trending conditions would lose the confidence of the public."

"It never was reasonable to suppose that war prices would keep up. Taking men out of industry for military service had to raise prices, and returning them to industry was bound to lower them."

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Soviet's Trend To Stability of Marriage Spells Brighter Future, Says Writer

KARL H. VON WIEGAND, Staff Correspondent of The Washington Times.

BERLIN, April 1.—"The Soviet government has made a lamentable failure of its much-vaunted reforms along the lines of marriage, divorce and motherhood!" This is the verdict of Paul Scheffer, a writer in the Berliner Tageblatt, who seems to have gone to Russia neither to condemn nor to condone, but simply to appraise the situation in an objective and judicial manner.

Among other things, he says: "There is not the slightest doubt but that one of the cardinal principles of the Soviet creed was the loosening, if not the dissolution, of the marriage bonds. And this principle was accepted by the people in the first flush of fanaticism following upon the revolution. But popular sentiment already is swinging back to the old conventions and traditions."

"In other words, the masses of the people are at heart unchanged, despite the disintegrating influences that have been at work undermining moral and social values. But such manifestations inevitably accompany every world catastrophe, and, taking all things into consideration, I do not believe that Russia today is any more immoral than any other country in Europe."

"In many circles unmarried couples are received and treated as if they were legally married, but, on the whole, it is astonishing that so little change has taken place in the essential significance of the marriage institution, despite all the Communist party has done to enlighten people on this subject. A woman member of the party confided to me that she was secretly married, but the religious ceremony had not yet been performed, as this would mean ejection from the ranks of the Communists."

DIVORCES COME EASY. "Divorce has been made incredibly easy. Indeed, it is possible for a wife to divorce her husband, or vice versa, without the other knowing anything of it. But the fight for the children has been the cause of so much trouble, that even the Communist state is beginning to realize the neces-

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sity of more stringent divorce measures, which, in turn, will lead to a desire for greater stability of the marriage bonds. I am told that many persons had married and unmarried five times within the year; but this epidemic is abating."

"The question of motherhood also was sharply influenced by the revolution. A story was told me of a teacher, of the most advanced type of Communist, who called a fourteen-year-old girl to her desk, and, in the presence of the entire school, commended her for her patriotism in having presented the Soviet state with a child."

ULTRA RADICALISM DYING.

"The legality of preventing motherhood was another matter taken in hand by the state, and within a few days after this decree was issued 2,000 cases had presented themselves at the hospitals in Kronstadt alone. But this question is no longer one of the 'ideal points' of the Communist program, and along the entire line, there is a noticeable tendency to retreat from these ultra-radical viewpoints."

"It would be extravagant to claim that the old tradition had yet won a victory over the new idea, but at least it is surprising that tradition has been able to assert itself at all, in the face of such radical reforms. It is well to speak of these things, as it is the belief of the western world that every woman in Russia has become Communist or Nationalized, as the popular phrase goes."

"I have already said that Russia of today is not more immoral than any other country in Europe. The inner kernel of the nation seems to be a strong and permanent element, able to outlive everything imposed upon it by the

state, by the political system, the economic collapse and social misery."

SWEARING ON DECLINE.

"A damper has been put upon the national temperament, as a result of all the physical and mental shocks endured during and since the revolution. One no longer hears singing on the streets, and I am told that swearing is on the decline. Is this the unconscious economy of tired bodies and minds? Doth the monotony of the present life hang like a pall about the pleasure-loving Russians?"

"At all events, the vitality of the people is astounding, stronger, I believe, than that of any other nation would be that had gone through such unspeakable mental and bodily hardships. No bitterness after such endless hunger, cold and collapse! If Russia were provided with adequate supplies, the population would again take hold of life with both hands and push forward. They are strong enough to do this, as they still have reserve forces."

"There are no dance halls or moving pictures by which the mind could be diverted from the oppression of everyday cares. It is true that a famous dance restaurant outside the gates of Moscow has reopened its doors, but the gypsy orchestra which once made the place famous remains loyal to its former patrons and refuses to play for the new communistic regime."

CANNIBAL STORIES.

"A pathetic attempt is made to snatch a few hours of enjoyment from the drab monotony of existence. I attended an informal dance given by the younger and older personnel of one of the government offices. The hall was cold, dimly lighted and the tea

and simple cakes on sale at the buffet were beyond the purses of the majority of the participants."

"But they danced wildly, madly, something which was a cross between a mazurka and a polka, and which they called a 'fox-trot.' In their effort to keep abreast with the rest of the dancing world. All these pleasure-starved people returned to unlighted and unheated rooms."

"To European ears the thought of cannibalism is repulsive, and the world at large would like to believe that stories to this effect coming from Russia are not true. But, alas! they are only too true! There are so-called danger zones in the famine district, where if eating of human flesh has not yet become a custom it is appalling frequent. Eating of corpses is no uncommon thing."

"I know of one case where an old peasant by agreement with his wife killed her and kept himself alive by eating her flesh."

"Everything points to the spread of the famine this year. The Soviet government is doing everything humanly possible to ameliorate conditions at a frightful sacrifice of its evacuating agents, who are sent to the typhus-ridden villages to remove those for whom there is still hope. It is true that Russia is slowly returning to normal conditions, but in the same breath one must say that it is not true."

"One can only speak of Russia in terms of the crassest contrasts; on one hand, development; on the other, demoralization. Everywhere a contrast between hope and endless misery."

Privates to Wear "John Brown" Belts

SAN FRANCISCO, April 1.—A recent War Department order made it mandatory upon all enlisted men to wear the "John Brown" belt as a part of the regular equipment.

The "John Brown" belt is a poor relation to the "Sam Brown" belt worn by the officers. It consists of a broad leather band around the waist, without a shoulder strap.